

Message Text

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PAGE 01 ROME 12086 091223Z

44

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11

L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-03 XMB-07 OPIC-12

CIEP-03 LAB-06 SIL-01 OMB-01 STR-08 CEA-02 DRC-01

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INFO DEPARTMENT OF TREASURY WASHDC PRIORITY

AMEMBASSY BERN

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AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMCONSUL MILAN

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: ITALIAN PRESS REPORTS US COMPTROLLER OF CURRENCY'S
VIEWS ON ITALY'S INTERNATIONAL CREDIT RATING

1. /SUMMARY/. ON SEPTEMBER 4, MILAN'S /CORRIERE DELLA SERA/
CARRIED ARTICLE REGARDING CONCERN IN WALL STREET OVER US
TREASURY COMPTROLLER OF CURRENCY'S PURPORTED NEGATIVE COMMENTS
CONCERNING ITALY'S FOREIGN CREDIT RATING. /END SUMMARY/.

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PAGE 02 ROME 12086 091223Z

2. ON SEPTEMBER 4, /CORRIERE DELLA SERA/ CARRIED FRONT PAGE ARTICLE BY ITS CORRESPONDENT IN NEW YORK (UGO STILLE) CONCERNING ITALY'S FOREIGN CREDIT RATING. ARTICLE REPORTS THAT CONSIDERABLE DISTURBANCE HAS BEEN CREATED IN WALL STREET AND EMBARRASSMENT IN WASHINGTON BY /NEW YORK TIMES/ REPRINT OF ARTICLE FROM /TIMES/ OF LONDON WHICH ATTRIBUTES NEGATIVE COMMENTS ABOUT ITALIAN CREDIT WORTHINESS TO US TREASURY. ACCORDING TO NEWS DISPATCH, OFFICE OF COMPTROLLER HAD WARNED ITS INSPECTORS TO TAKE INTO ACCOUNT FACT THAT MEDIUM AND LONG-TERM BANK LOANS TO ITALIANS PRIVATE AND GOVERNMENT ENTITIES FELL WITHIN CATEGORY OF "PROBLEMATIC" LOANS AND SHOULD BE CONSIDERED "RISKY."

3. ITALIAN CORRESPONDENT INTERVIEWED ROBERT MULLIN, CHIEF OF INTERNATIONAL AFFAIRS SECTION, OFFICE OF COMPTROLLER OF CURRENCY, WHO TERMED /TIMES/ STORY AS ERRONEOUS IN THAT CATEGORY OF "PROBLEMATIC" WAS NOT A CLASSIFICATION USED FOR INTERNATIONAL LOANS. HE DID NOT, HOWEVER, DENY EXISTENCE OF NEGATIVE JUDGMENT CONCERNING SOLVENCY PROSPECTS OF ITALIAN DEBTORS. MULLIN SAID THAT SUCH VIEWS WERE CONFIDENTIAL INFORMATION FOR INTERNAL USE BUT THAT IN PRACTICE INSPECTORS DO COMMUNICATE SUCH JUDGMENTS CONFIDENTIALLY TO BANKS AND CREDIT INSTITUTES IN THEIR DISTRICTS. HE DENIED, HOWEVER, THAT IN CASE OF ITALY THERE HAD BEEN GENERAL WARNING TO ALL AMERICAN BANKS. IN ADDITION, MULLIN ADDED THAT VIEWS OF INSPECTORS CONCERNING SOUNDNESS OF DEBTOR COUNTRIES HAD NO BINDING EFFECT ON AMERICAN BANKS.

4. ITALIAN CORRESPONDENT, HOWEVER, OBSERVED THAT IT WAS OBVIOUS ANY WARNING FROM AMERICAN TREASURY HAD CONSIDERABLE AND OFTEN DETERMINING WEIGHT WITH PRIVATE US CREDIT INSTITUTIONS. HE NOTED THAT US TREASURY IS NOW TRYING TO CORRECT CONFUSION CAUSED BY PRESS REPORTS AND WILL ISSUE DOCUMENT CLARIFYING MATTER.VOLPE

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